

**THE SECOND JUDICIAL DISTRICT COURT  
PARISHES OF BIENVILLE, CLAIBORNE  
AND JACKSON, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
JUNE 30, 2012**

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Annual Financial Report  
June 30, 2012

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The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Annual Financial Report  
June 30, 2012

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THE SECOND JUDICIAL DISTRICT COURT  
PARISHES OF BIENVILLE, CLAIBORNE  
AND JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Management's Discussion and Analysis of the Second Judicial District Court's financial performance presents a narrative overview and analysis of the District Court's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Second Judicial District Court's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

The District Court's assets exceeded its liabilities (net assets) by \$788,084 on June 30, 2012, and \$842,117 on June 30, 2011. Total Net Assets are comprised of the following:

|  | <u>2012</u>      | <u>2011</u>      |
|--|------------------|------------------|
| Capital assets, net of accumulated depreciation  | \$ 21,313        | \$ 31,185        |
| Unrestricted net assets which represent the<br>portion available to maintain continuing<br>obligations to citizens and creditors | <u>766,771</u>   | <u>810,932</u>   |
| Total  | <u>\$788,084</u> | <u>\$842,117</u> |

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and the Statement of Activities provide information about the activities of the District Court as a whole and present a longer-term view of the District Court's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The District Court uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the difference between these two views.

OTHER INFORMATION

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Total governmental funds had an ending fund balance of \$766,771 at June 30, 2012, and \$810,932 at June 30, 2011.

FINANCIAL ANALYSIS OF THE DISTRICT COURT AS A WHOLE

Changes in net assets may be observed and used to discuss the changing financial position of the District Court as a whole. The following provides a summary of the District Court's net assets:

## Summary of Net Assets

|                            | <u>2012</u>      | <u>2011</u>      |
|----------------------------|------------------|------------------|
| ASSETS:                    |                  |                  |
| Cash & Cash Equivalents    | \$757,706        | \$800,959        |
| Receivables                | 29,006           | 26,498           |
| Capital Assets (net)       | <u>21,313</u>    | <u>31,185</u>    |
| Total Assets               | <u>\$808,025</u> | <u>\$858,642</u> |
| LIABILITIES:               |                  |                  |
| Accounts Payable           | \$ 12,149        | \$ 8,368         |
| Accrued Expenses           | <u>7,792</u>     | <u>8,157</u>     |
| Total Liabilities          | <u>\$ 19,941</u> | <u>\$ 16,525</u> |
| NET ASSETS:                |                  |                  |
| Invested in Capital Assets | \$ 21,313        | \$ 31,185        |
| Unrestricted Net Assets    | <u>766,771</u>   | <u>810,932</u>   |
| Total Net Assets           | <u>\$788,084</u> | <u>\$842,117</u> |

The District Court continues to maintain operations with no long-term debt. This is an indication of the District Court's ability to pay its obligations as they become due.

The following table provides a summary of the District Court's changes in net assets:

|                                    | <u>2012</u>        | <u>2011</u>        |
|------------------------------------|--------------------|--------------------|
| REVENUES:                          |                    |                    |
| Program Revenues:                  |                    |                    |
| Fees, fines & Charges for Services | \$521,151          | \$540,830          |
| Operating and Capital Grants       | 120,943            | 142,425            |
| General Revenues:                  |                    |                    |
| Miscellaneous                      | <u>23,097</u>      | <u>12,407</u>      |
| Total Revenues                     | <u>\$665,191</u>   | <u>\$695,662</u>   |
| EXPENSES:                          |                    |                    |
| Judicial                           | <u>719,224</u>     | <u>719,337</u>     |
| Change in Net Assets               | <u>\$ (54,033)</u> | <u>\$ (23,675)</u> |
| Beginning Net Assets               | <u>842,117</u>     | <u>865,792</u>     |
| Ending Net Assets                  | <u>\$788,084</u>   | <u>\$842,117</u>   |

### BUDGETARY HIGHLIGHTS

In addition to the basic financial statements and accompanying notes, this report also presents Other Required Supplementary Information consisting of a comparison of budgeted revenues and expenditures to actual revenues and expenditures. For the General Fund, the actual revenues were \$18,062 more than the budgeted amount for the year and expenditures were \$61,590 less than the budgeted amount for the year.

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The primary revenue source is fees and fines received from the civil and criminal court fees. As there are minimal changes expected in the next fiscal year, the budget for FY 2012/2013 should not significantly differ from FY 2011/2012.

### CONTACTING THE DISTRICT COURT OFFICE

This financial report is designed to provide a general overview of the District Court's finances, compliance with governmental financial reporting laws and regulations and demonstrate the District Court's commitment to public accountability. If you have additional questions about this report or would like to request additional information, contact the Honorable Jenifer Clason, at Courthouse, Homer, Louisiana, 71040.

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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### INDEPENDENT AUDITOR'S REPORT

To the Honorable Jenifer Clason, Chief Judge  
The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Second Judicial District Court as of and for the year ended June 30, 2012, which collectively comprise the District Court's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Second Judicial District Court's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Second Judicial District Court as of June 30, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 14, 2012, on our consideration of the Second Judicial District Court's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District Court's basic financial statements. The budgetary comparisons listed as required supplemental and other supplementary information in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnson, Thomas & Cunningham, CPA's  
Johnson, Thomas & Cunningham, CPA's

December 14, 2012  
Natchitoches, Louisiana



## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Net Assets  
June 30, 2012

|                            | Governmental<br><u>Activities</u> |
|----------------------------|-----------------------------------|
| ASSETS:                    |                                   |
| Current Assets-            |                                   |
| Cash & Cash Equivalents    | \$757,706                         |
| Revenue Receivables        | <u>29,006</u>                     |
| Total Current Assets       | \$786,712                         |
| Noncurrent Assets-         |                                   |
| Capital Assets (Net)       | <u>21,313</u>                     |
| Total Assets               | <u>\$808,025</u>                  |
| LIABILITIES:               |                                   |
| Accounts Payable           | \$ 12,149                         |
| Accrued Expenses           | <u>7,792</u>                      |
| Total Liabilities          | \$ <u>19,941</u>                  |
| NET ASSETS:                |                                   |
| Invested in Capital Assets | \$ 21,313                         |
| Unrestricted               | <u>766,771</u>                    |
| Total Net Assets           | <u>\$788,084</u>                  |

The accompanying notes are an integral part of this statement.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Activities  
June 30, 2012

| <u>Activities</u>        | <u>Expenses</u>  | <u>Program Revenues</u>   |   |   | <u>Net (Expense)<br/>Revenue and Changes<br/>in Net Assets<br/>Governmental Activities</u> |
|--------------------------|------------------|---|---|---|--|
|                          |                  | <u>Fees, Fines,<br/>Commissions,<br/>And Charges<br/>for Services</u> | <u>Operating<br/>Grants<br/>and<br/>Contributions</u> | <u>Capital<br/>Grants<br/>and<br/>Contributions</u> |  |
| Governmental Activities: |                  |   |   |   |  |
| Judicial                 | <u>\$719,224</u> | <u>\$521,151</u>  | <u>\$120,943</u>                                      | <u>\$0</u>  | <u>\$ (77,130)</u>   |
| General Revenues:        |                  |   |   |   |  |
|                          |                  | Interest Income   |   |   | \$ 6,450   |
|                          |                  | Miscellaneous   |   |   | <u>16,647</u>  |
|                          |                  | Total General Revenues  |   |   | <u>\$ 23,097</u>   |
|                          |                  | Change in Net Assets  |   |   | <u>\$ (54,033)</u>   |
|                          |                  | Net Assets at Beginning of Year                                       |   |   | <u>842,117</u>   |
|                          |                  | Net Assets at End of Year   |   |   | <u>\$788,084</u>   |

The accompanying notes are an integral part of this statement.

## FUND FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Balance Sheet-Governmental Funds  
June 30, 2012

|  | <u>Major Funds</u> |                        |                        | <u>Nonmajor Fund</u> | <u>Total</u>        |
|--|--------------------|------------------------|------------------------|----------------------|---------------------|
|  | <u>General</u>     | <u>Special Revenue</u> |                        | <u>FINS</u>          | <u>Governmental</u> |
|  | <u>Fund</u>        | <u>Probation</u>       | <u>IV-D</u>            | <u>Fund</u>          | <u>Funds</u>        |
|  |                    | <u>Fund</u>            | <u>Collection Fund</u> |                      |                     |
| <b>ASSETS:</b>                         |                    |                        |                        |                      |                     |
| Cash & Cash Equivalents                | \$321,498          | \$334,249              | \$44,807               | \$57,152             | \$ 757,706          |
| Revenue Receivables                    | <u>29,006</u>      | <u>0</u>               | <u>0</u>               | <u>0</u>             | <u>29,006</u>       |
| Total Assets                           | <u>\$350,504</u>   | <u>\$334,249</u>       | <u>\$44,807</u>        | <u>\$57,152</u>      | <u>\$ 786,712</u>   |
| <b>LIABILITIES:</b>                    |                    |                        |                        |                      |                     |
| Accounts Payable                       | \$ 8,769           | \$ 3,380               | \$ 0                   | \$ 0                 | \$ 12,149           |
| Accrued Expenses                       | <u>7,792</u>       | <u>0</u>               | <u>0</u>               | <u>0</u>             | <u>7,792</u>        |
| Total Liabilities                      | <u>\$ 16,561</u>   | <u>\$ 3,380</u>        | <u>\$ 0</u>            | <u>\$ 0</u>          | <u>\$ 19,941</u>    |
| <b>FUND BALANCE:</b>                   |                    |                        |                        |                      |                     |
| Restricted for:                        |                    |                        |                        |                      |                     |
| Special Purposes                       | \$ 0               | \$330,869              | \$44,807               | \$57,152             | \$ 432,828          |
| Unassigned                             | <u>333,943</u>     | <u>0</u>               | <u>0</u>               | <u>0</u>             | <u>333,943</u>      |
| Total Fund Balances                    | <u>\$333,943</u>   | <u>\$330,869</u>       | <u>\$44,807</u>        | <u>\$57,152</u>      | <u>\$ 766,771</u>   |
| Total Liabilities<br>and Fund Balances | <u>\$350,504</u>   | <u>\$334,249</u>       | <u>\$44,807</u>        | <u>\$57,152</u>      |                     |

Amounts reported for Governmental Activities  
in the Statement of Net Assets are different because:

Capital Assets used in Governmental Activities are not  
financial resources and, therefore, are not reported  
in the funds-

|                                       |                   |
|---------------------------------------|-------------------|
| Capital Assets                        | 302,515           |
| Less, Accumulated Depreciation        | <u>(281,202)</u>  |
| Net Assets of Governmental Activities | <u>\$ 788,084</u> |

The accompanying notes are an integral part of this statement.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Revenues, Expenditures and Changes  
in Fund Balance-Governmental Funds  
June 30, 2012

|                                 | Major Funds |                 |                 | Nonmajor Fund | Total        |
|---------------------------------|-------------|-----------------|-----------------|---------------|--------------|
|                                 | General     | Special Revenue |                 | FINS          | Governmental |
|                                 | Fund        | Probation       | IV-D            | Fund          | Funds        |
|                                 |             | Fund            | Collection Fund |               |              |
| REVENUES:                       |             |                 |                 |               |              |
| Intergovernmental-              |             |                 |                 |               |              |
| State                           | \$ 11,960   | \$ 0            | \$ 0            | \$31,233      | \$ 43,193    |
| Parish                          | 77,750      | 0               | 0               | 0             | 77,750       |
| Fees & Fines-                   |             |                 |                 |               |              |
| Civil Fees                      | 40,425      | 0               | 0               | 0             | 40,425       |
| Criminal Court Fees             | 212,179     | 87,871          | 180,676         | 0             | 480,726      |
| Miscellaneous-                  |             |                 |                 |               |              |
| Interest                        | 3,391       | 3,004           | 27              | 28            | 6,450        |
| Other                           | 11,857      | 4,289           | 501             | 0             | 16,647       |
| Total Revenues                  | \$ 357,562  | \$ 95,164       | \$ 181,204      | \$31,261      | \$ 665,191   |
| EXPENDITURES:                   |             |                 |                 |               |              |
| Judicial-                       |             |                 |                 |               |              |
| Auto                            | \$ 17,500   | \$ 0            | \$ 0            | \$ 0          | \$ 17,500    |
| Books & Library                 | 50,752      | 0               | 0               | 0             | 50,752       |
| Conference & Seminars           | 25,653      | 12,561          | 0               | 0             | 38,214       |
| Contracted Services,            |             |                 |                 |               |              |
| Personal Services,              |             |                 |                 |               |              |
| & Benefits                      | 321,077     | 70,972          | 39,953          | 26,735        | 458,737      |
| Dues & Subscriptions            | 1,458       | 700             | 0               | 195           | 2,353        |
| Insurance                       | 23,172      | 0               | 0               | 0             | 23,172       |
| Legal & Accounting              | 12,734      | 0               | 0               | 0             | 12,734       |
| Miscellaneous                   | 5,339       | 8,307           | 0               | 0             | 13,646       |
| Office Supplies                 | 15,728      | 3,572           | 470             | 1,299         | 21,069       |
| Repairs & Maintenance           | 3,110       | 6,805           | 0               | 0             | 9,915        |
| Travel                          | 34,426      | 2,657           | 1,409           | 1,820         | 40,312       |
| Utilities & Telephone           | 15,802      | 2,369           | 0               | 1,368         | 19,539       |
| Capital Outlay                  | 1,409       | 0               | 0               | 0             | 1,409        |
| Total Expenditures              | \$ 528,160  | \$107,943       | \$ 41,832       | \$31,417      | \$ 709,352   |
| Excess (Deficiency) of Revenues |             |                 |                 |               |              |
| over Expenditures               | \$(170,598) | \$(12,779)      | \$ 139,372      | \$ (156)      | \$ (44,161)  |

Continued next page

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Statement of Revenues, Expenditures and Changes  
in Fund Balance-Governmental Funds  
June 30, 2012

|  | Major Funds       |                                      |                         | Nonmajor Fund<br>FINS<br>Fund | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------------------------|-------------------------|-------------------------------|--------------------------------|
|  | General<br>Fund   | Special Revenue<br>Probation<br>Fund | IV-D<br>Collection Fund |                               |                                |
| OTHER FINANCING<br>SOURCES (USES):   |                   |                                      |                         |                               |                                |
| Operating Transfer In  | \$ 181,813        | \$ 0                                 | \$ 0                    | \$ 0                          | \$ 181,813                     |
| Operating Transfer Out   | <u>0</u>          | <u>(29,010)</u>                      | <u>(152,803)</u>        | <u>0</u>                      | <u>(181,813)</u>               |
| Total Other Financing  | \$ <u>181,813</u> | \$ <u>(29,010)</u>                   | \$ <u>(152,803)</u>     | \$ <u>0</u>                   | \$ <u>0</u>                    |
| Excess (Deficiency) of Revenues<br>and Other Sources over Expen-<br>ditures and Other Uses | \$ 11,215         | \$ (41,789)                          | \$ (13,431)             | \$ (156)                      | \$ (44,161)                    |
| Fund Balances-<br>Beginning of Year  | <u>322,728</u>    | <u>372,658</u>                       | <u>58,238</u>           | <u>57,308</u>                 | <u>810,932</u>                 |
| Fund Balances-<br>End of Year  | \$ <u>333,943</u> | \$ <u>330,869</u>                    | \$ <u>44,807</u>        | \$ <u>57,152</u>              | \$ <u>766,771</u>              |

The accompanying notes are an integral part of this statement.



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balance of the Governmental Funds  
to the Statement of Activities  
For the Year Ended June 30, 2012

Net Change in Fund Balance-Governmental Funds \$(44,161)

Amounts reported for Governmental Activities  
in the Statement of Activities are different because:

Governmental Funds report Capital Outlays as  
expenditures. However, in the Statement of  
Activities the cost of these assets is allocated over  
their estimated useful lives as depreciation expense.  
The cost of Capital Assets recorded in the current  
period is

1,409

Depreciation expense on Capital Assets is reported  
in the Government-wide Financial Statements, but  
does not require the use of current financial resources  
and is not reported in the Fund Financial Statements.  
Current year depreciation expense is

(11,281)

Net Change in Net Assets per Statement of Activities

\$(54,033)

The accompanying notes are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

Introduction:

The Second Judicial District Court (District Court) of Louisiana is comprised of the parishes of Bienville, Claiborne and Jackson located in north Louisiana. The District Court includes three judges with one judge being designated as the chief judge. The District Court may collect fees on civil suits and criminal cases to aid in the administering of the District Court and of the offices of the individual judges; these fees cannot be used for salaries to the judges. The judges are elected by the qualified electors of the judicial district for a term of six years.

1. Summary of Significant Accounting Policies:

A. Reporting Entity-

Governmental Accounting Standards Board Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. The basic criterion for including a potential component unit within the reporting entity is financial accountability. For financial reporting purposes, in conformance with GASB Statement No. 14, the Second Judicial District Court includes all funds that are within the oversight responsibility of the District Court. Oversight responsibility is determined on the basis of appointment of governing body, ability to significantly influence operations, accountability for fiscal matters, and the nature and significance of an organization's relationship with the primary government. Based on consideration of the foregoing criteria, the District Court is deemed to be a separate reporting entity. Certain units of local government over which the District Court exercises no oversight responsibility, such as the parish police jury, parish school board, other independently-elected officials, and municipalities within the three parishes, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the District Court.

B. Basis of Presentation-

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District Court's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. Fund Accounting-

The accounts of the District Court are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District Court maintains four funds. They are categorized as governmental funds. The emphasis on fund financial statements is on major governmental funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity or if its total assets, liabilities, revenues, or expenditures/expenses of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type.

The major funds of the District Court are described below:

Governmental Funds-

General Fund

The General Fund is the general operating fund of the District Court. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds-

Probation Fund

Code of Criminal Procedure Article 894 A(1) stated that as of 1989, the Department of Probation and Parole would not supervise probation in misdemeanor cases. Article 894 A(1) authorized the court to place the defendant on probation with a "probation office" designated by the court upon such conditions as the court may fix. Additionally,

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

Article 895 1(C) of the Code of Criminal Procedure provides for a monthly probation fee to be paid to the agency providing supervision. The Probation Fund was established as the designated “probation office”. The Probation Fund accounts for the collection of the monthly probation fees and expenditures of maintaining the probation offices.

IV-D Collection Fund

The IV-D Collection Fund accounts for the collection of a five percent fee assessed on child support payments as provided by Louisiana Revised Statute 46:236.5 and the expenditures related to the establishment, modification, and enforcement of support obligations.

D. Measurement Focus/Basis of Accounting-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the District Court as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District Court considers all revenues “available” if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

E. Assets, Liabilities, and Equity-

Cash and Interest-Bearing Deposits-

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the District Court.

Capital Assets-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District Court maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

|                      |           |
|----------------------|-----------|
| Fixtures & Equipment | 5-7 years |
|----------------------|-----------|

Equity Classifications-

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

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June 30, 2012

When an expense is incurred for the purposes for which both restricted and unrestricted net assets are available, management applies unrestricted net assets first, unless a determination is made to use restricted net assets. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

The General Fund has an unassigned fund balance of \$333,943. If applicable, the District Court would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

F. Budget-

Prior to the beginning of each fiscal year, the District Court adopts a budget for the General Fund and each Special Revenue Fund for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budgets are prepared on the modified accrual basis of accounting.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

G. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents:

At June 30, 2012, the District Court had cash and cash equivalents totaling \$825,668 (collected bank balances). Cash and cash equivalents are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the District Court. The deposits at June 30, 2012, were fully secured by FDIC insurance.

3. Compensated Absences:

Employees of the Second Judicial District Court cannot carry leave forward from year to year. Therefore, there is no entry made for compensated absences.

4. Capital Assets:

Capital Asset balances and activity for the year ended June 30, 2012, is as follows:

| <u>Activities</u>                         | <u>Balance<br/>07-01-11</u> | <u>Additions</u>  | <u>Deletions</u> | <u>Balance<br/>06-30-12</u> |
|---|-----------------------------|-------------------|------------------|-----------------------------|
| Capital Assets Depreciated:               |                             |                   |                  |                             |
| Office Furniture, Fixtures<br>& Equipment | \$301,106                   | \$1,409           | \$0              | \$302,515                   |
| Less, Accumulated Depreciation:           |                             |                   |                  |                             |
| Office Furniture, Fixtures<br>& Equipment | <u>269,921</u>              | <u>11,281</u>     | <u>0</u>         | <u>281,202</u>              |
| Net Capital Assets                        | <u>\$ 31,185</u>            | <u>\$ (9,872)</u> | <u>\$0</u>       | <u>\$ 21,313</u>            |

Depreciation expense of \$11,281 was charged to the Judicial function.



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

5. Pension Plan:

Louisiana State Employees' Retirement System (LASERS)

*Plan Description.* All full-time administrative employees are required to participate in the System. Excluded by law are independent contractors and certain other non-employee relationships. Participants who retire at the following ages, after the stated years of creditable service, are entitled to a retirement benefit as calculated by the LASERS benefit formula:

|            |  |
|------------|--|
| At any age | after 30 years of creditable service                                     |
| At age 55  | after 25 years of creditable service                                     |
| At age 60  | after 10 years of creditable service                                     |
| At age 50  | with 10 years, if retiring from a position<br>which is being eliminated. |

Additionally, participants may retire with 20 years of service credit at any age with actuarially reduced benefits. LASERS benefit formula is designed so a retiree receives a maximum retirement benefit equal to 2.5% of their final average compensation for every year of creditable service; an additional \$300 is applied if a participant joined LASERS before July 1, 1986. Benefits may not exceed 100% of final average compensation. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

The System also provides death and disability benefits. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana State Employee's Retirement System, P. O. Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

*Funding Policy.* Plan members are required to contribute 7.5 percent of their annual covered salary and the Second Judicial District Court is required to contribute at an actuarially determined rate. The current rate is 25.6 percent of annual covered payroll. The contribution requirements of plan members and the Second Judicial District Court are established and may be amended by state statute. As provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Second Judicial District Court's contributions to the System for the years ending June 30, 2012, 2011 and 2010, were \$54,605, \$56,496, and \$47,114, respectively, equal to the required contributions for each year.

The Second Judicial District Court Judges are members of the Louisiana State Employees' Retirement System. Judges of the District Court are paid directly by the state and the state pays the employer contribution on their behalf. For that reason, contributions made on behalf of the judges are not included in the amounts referenced in the above paragraph. Additionally, any variances, if any, in "Plan Description" or "Funding Policy" are not included in this note.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Notes to Financial Statements  
June 30, 2012

6. Expenditures of the Judicial District Not Included in the Accompanying Financial Statements:

The accompanying financial statements do not include certain salary or administrative expenditures for the District Court paid out of the funds of the Bienville, Claiborne or Jackson Parish Police Juries or directly by the State.

7. Litigation:

Management has advised that there is no litigation pending against the Second Judicial District Court at June 30, 2012.

8. Interfund Transfers:

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purpose of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

The following is a summary of interfund operating transfers:

|                        | <u>Operating<br/>Transfers In</u> | <u>Operating<br/>Transfers Out</u> |
|------------------------|-----------------------------------|------------------------------------|
| General Fund           | \$181,813                         |                                    |
| Special Revenue Funds- |                                   |                                    |
| Probation              |                                   | \$ 29,010                          |
| IV-D Collection Fund   | <u>          </u>                 | <u>152,803</u>                     |
| Totals                 | <u>\$181,813</u>                  | <u>\$181,813</u>                   |

Transfers are primarily used to move funds:

- From the Special Revenue Funds to the General Fund so that excess revenues can be used for governmental services.

9. Subsequent Events:

Management has evaluated events through December 14, 2012, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTAL INFORMATION

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

|                          | <u>Budget</u>     |                   | <u>Actual</u>     | <u>Variance<br/>Favorable<br/>(Unfavorable)</u> |
|--------------------------|-------------------|-------------------|-------------------|---|
|                          | <u>Original</u>   | <u>Final</u>      |                   |   |
| REVENUES:                |                   |                   |                   |   |
| Intergovernmental-       |                   |                   |                   |   |
| State                    | \$ 0              | \$ 0              | \$ 11,960         | \$ 11,960                                       |
| Parish                   | 82,000            | 80,000            | 77,750            | (2,250)   |
| Fees & Fines-            |                   |                   |                   |   |
| Civil Fees               | 43,000            | 40,000            | 40,425            | 425   |
| Criminal Court Fees      | 207,000           | 201,000           | 212,179           | 11,179  |
| Miscellaneous-           |                   |                   |                   |   |
| Interest                 | 3,500             | 3,500             | 3,391             | (109)   |
| Other                    | <u>15,000</u>     | <u>15,000</u>     | <u>11,857</u>     | <u>(3,143)</u>                                  |
| Total Revenues           | <u>\$ 350,500</u> | <u>\$ 339,500</u> | <u>\$ 357,562</u> | <u>\$ 18,062</u>                                |
| EXPENDITURES:            |                   |                   |                   |   |
| Advertising              | \$ 750            | \$ 750            | \$ 320            | \$ 430  |
| Association Dues         | 1,500             | 1,500             | 1,458             | 42  |
| Auto Expenditures        | 20,000            | 20,000            | 17,500            | 2,500   |
| Contracted Services      | 8,000             | 8,000             | 4,377             | 3,623   |
| Court Reporters          | 15,000            | 15,000            | 6,601             | 8,399   |
| Court Reporters-Supplies | 1,500             | 1,500             | 2,529             | (1,029)   |
| Insurance                | 25,500            | 25,500            | 23,172            | 2,328   |
| Judicial Per Diem        | 13,000            | 13,000            | 9,249             | 3,751   |
| Legal & Accounting       | 20,000            | 20,000            | 12,734            | 7,266   |
| Periodicals & Library    | 37,000            | 37,000            | 50,752            | (13,752)  |
| Office Supplies          | 15,000            | 15,000            | 11,087            | 3,913   |
| Miscellaneous            | 1,500             | 1,500             | 0                 | 1,500   |
| Payroll Taxes            | 2,500             | 2,500             | 1,576             | 924   |
| Repair & Maintenance     | 5,000             | 5,000             | 3,110             | 1,890   |
| Retirement               | 51,000            | 51,000            | 54,605            | (3,605)   |
| Salaries                 | 240,000           | 240,000           | 253,918           | (13,918)  |
| Seminars/Conventions     | 30,000            | 30,000            | 25,653            | 4,347   |
| Supplies                 | 8,000             | 8,000             | 4,641             | 3,359   |
| Travel                   | 25,000            | 25,000            | 25,177            | (177)   |
| Taxes & Licenses         | 1,500             | 1,500             | 2,490             | (990)   |
| Utilities & Telephone    | 18,000            | 18,000            | 15,802            | 2,198   |
| Capital Outlay           | <u>50,000</u>     | <u>50,000</u>     | <u>1,409</u>      | <u>48,591</u>                                   |
| Total Expenditures       | <u>\$ 589,750</u> | <u>\$ 589,750</u> | <u>\$ 528,160</u> | <u>\$ 61,590</u>                                |

Continued next page

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
General Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

|   | <u>Budget</u>      |                    | <u>Actual</u>      | <u>Variance</u><br><u>Favorable</u><br><u>(Unfavorable)</u> |
|---|--------------------|--------------------|--------------------|---|
|   | <u>Original</u>    | <u>Final</u>       |                    |   |
| (Deficiency) of Revenues over Expenditures  | <u>\$(239,250)</u> | <u>\$(250,250)</u> | <u>\$(170,598)</u> | <u>\$ 79,652</u>  |
| OTHER FINANCING SOURCES (USES):   |                    |                    |                    |   |
| Transfer from Probation   | <u>\$ 10,000</u>   | <u>\$ 15,000</u>   | <u>\$ 29,010</u>   | <u>\$ 14,010</u>  |
| Transfer from IV-D  | <u>98,000</u>      | <u>155,000</u>     | <u>152,803</u>     | <u>(2,197)</u>  |
| Total Other Financing   | <u>\$ 108,000</u>  | <u>\$ 170,000</u>  | <u>\$ 181,813</u>  | <u>\$ 11,813</u>  |
| Excess (Deficiency) of Revenues and Other<br>Sources over Expenditures and Other Uses | <u>\$(131,250)</u> | <u>\$ (80,250)</u> | <u>\$ 11,215</u>   | <u>\$ 91,465</u>  |
| Fund Balance-Beginning of Year  | <u>322,728</u>     | <u>322,728</u>     | <u>322,728</u>     | <u>0</u>  |
| Fund Balance-End of Year  | <u>\$ 191,478</u>  | <u>\$ 242,478</u>  | <u>\$ 333,943</u>  | <u>\$ 91,465</u>  |

See accountant's report.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
Probation Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

|   | <u>Budget</u>    |                  | <u>Actual</u>    | <u>Variance</u><br><u>Favorable</u><br><u>(Unfavorable)</u> |
|---|------------------|------------------|------------------|---|
|   | <u>Original</u>  | <u>Final</u>     |                  |   |
| REVENUES:   |                  |                  |                  |   |
| Fees, Charges, and  |                  |                  |                  |   |
| Commissions for Services  | \$105,000        | \$ 95,000        | \$ 87,871        | \$ (7,129)  |
| Miscellaneous   | <u>5,000</u>     | <u>2,800</u>     | <u>7,293</u>     | <u>4,493</u>  |
| Total Revenues  | \$110,000        | \$ 97,800        | \$ 95,164        | \$ (2,636)  |
| EXPENDITURES:   |                  |                  |                  |   |
| Judicial  | <u>95,200</u>    | <u>95,200</u>    | <u>107,943</u>   | <u>(12,743)</u>   |
| Excess of Revenues over Expenditures                                | \$ 14,800        | \$ 2,600         | \$ (12,779)      | \$(15,379)  |
| OTHER FINANCING SOURCES (USES):                                     |                  |                  |                  |   |
| Transfer to General Fund  | <u>(10,000)</u>  | <u>(15,000)</u>  | <u>(29,010)</u>  | <u>(14,010)</u>   |
| Excess (Deficiency) of Revenues over<br>Expenditures and Other Uses | \$ 4,800         | \$ (12,400)      | \$ (41,789)      | \$(29,389)  |
| Fund Balance-Beginning of Year                                      | <u>372,658</u>   | <u>372,658</u>   | <u>372,658</u>   | <u>0</u>  |
| Fund Balance-End of Year  | <u>\$377,458</u> | <u>\$360,258</u> | <u>\$330,869</u> | <u>\$(29,389)</u>   |

See accountant's report.

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Major Fund  
IV-D Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

|   | <u>Budget</u>    |                   | <u>Actual</u>     | <u>Variance</u><br><u>Favorable</u><br><u>(Unfavorable)</u> |
|---|------------------|-------------------|-------------------|---|
|   | <u>Original</u>  | <u>Final</u>      |                   |   |
| REVENUES:   |                  |                   |                   |   |
| Fees, Charges, and  |                  |                   |                   |   |
| Commissions for Services  | \$162,000        | \$ 170,000        | \$ 180,676        | \$10,676  |
| Miscellaneous   | <u>125</u>       | <u>50</u>         | <u>528</u>        | <u>478</u>  |
| Total Revenues  | <u>\$162,125</u> | <u>\$ 170,050</u> | <u>\$ 181,204</u> | <u>\$11,154</u>   |
| EXPENDITURES:   |                  |                   |                   |   |
| Judicial  | \$ 46,200        | \$ 46,200         | \$ 41,832         | \$ 4,368  |
| Capital Outlay  | <u>10,000</u>    | <u>10,000</u>     | <u>0</u>          | <u>10,000</u>   |
| Total Expenditures  | <u>\$ 56,200</u> | <u>\$ 56,200</u>  | <u>\$ 41,832</u>  | <u>\$14,368</u>   |
| Excess of Revenues over Expenditures  | \$105,925        | \$ 113,850        | \$ 139,372        | \$25,522  |
| OTHER FINANCING SOURCES (USES):   |                  |                   |                   |   |
| Transfer to General Fund  | <u>(98,000)</u>  | <u>(155,000)</u>  | <u>(152,803)</u>  | <u>2,197</u>  |
| Excess (Deficiency) of Revenues and Other<br>Sources over Expenditures and Other Uses | \$ 7,925         | \$ (41,150)       | \$ (13,431)       | \$27,719  |
| Fund Balance-Beginning of Year  | <u>58,238</u>    | <u>58,238</u>     | <u>58,238</u>     | <u>0</u>  |
| Fund Balance-End of Year  | <u>\$ 66,163</u> | <u>\$ 17,088</u>  | <u>\$ 44,807</u>  | <u>\$27,719</u>   |

See accountant's report.

## OTHER SUPPLEMENTARY INFORMATION



The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Nonmajor Fund  
FINS Fund  
Budgetary Comparison Schedule  
For the Year Ended June 30, 2012

|  | <u>Budget Amounts</u><br><u>Original/Final</u> | <u>Actual</u>   | Variance<br>Favorable<br>(Unfavorable) |
|--|--|-----------------|--|
| REVENUES:  |  |                 |  |
| Intergovernmental                                    | \$ 28,000                                      | \$31,233        | \$ 3,233                               |
| Interest   | <u>500</u>                                     | <u>28</u>       | <u>(472)</u>                           |
| Total Revenues                                       | <u>\$ 28,500</u>                               | <u>\$31,261</u> | <u>\$ 2,761</u>                        |
| EXPENDITURES:  |  |                 |  |
| Judicial   | \$ 34,650                                      | \$31,417        | \$ 3,233                               |
| Capital Outlay                                       | <u>5,000</u>                                   | <u>0</u>        | <u>5,000</u>                           |
| Total Expenditures                                   | <u>\$ 39,650</u>                               | <u>\$31,417</u> | <u>\$ 8,233</u>                        |
| Excess (Deficiency) of Revenues<br>over Expenditures | <u>\$ (11,150)</u>                             | <u>\$ (156)</u> | <u>\$10,994</u>                        |
| Fund Balance-Beginning of Year                       | <u>57,308</u>                                  | <u>57,308</u>   | <u>0</u>                               |
| Fund Balance-End of Year                             | <u>\$ 46,158</u>                               | <u>\$57,152</u> | <u>\$10,994</u>                        |

See accountant's report.

## OTHER REPORTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

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### REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Jenifer Clason, Chief Judge  
The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund of the Second Judicial District Court as of and for the year ended June 30, 2012, which collectively comprise the Second Judicial District Court's basic financial statements and have issued our report thereon dated December 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Internal Control over Financial Reporting

Management of the Second Judicial District Court is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Second Judicial District Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Second Judicial District Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Second Judicial District Court's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Second Judicial District Court's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Second Judicial District Court's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 12-01.

Second Judicial District Court's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings. We did not audit the District Court's response, and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Louisiana Legislative Auditor, and management of the Second Judicial District Court and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Johnson, Thomas & Cunningham, CPA's*  
Johnson, Thomas & Cunningham, CPA's

December 14, 2012  
Natchitoches, Louisiana

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Schedule of Audit Findings  
Year Ended June 30, 2012

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. An unqualified opinion was issued on the financial statements of the Second Judicial District Court as of and for the year ended June 30, 2012.
2. The audit did not disclose any significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The following findings relate to the financial statements and are required to be reported in accordance with *Government Auditing Standards*:

Compliance-

12-01 *Compliance with Local Government Budget Act*

*Criteria* – Louisiana Revised Statute 39:1311 states that total actual expenditures and other uses should not exceed total budgeted expenditures and other uses by more than 5%.

*Condition* – Actual expenditures exceeded budgeted expenditures by more than the 5% allowance in the Probation Fund.

*Effect* – The budget cannot be used as an effective management tool to control expenditures.

*Cause* – The Second Judicial District Court's office does not have procedures to ensure that the budget is amended in compliance with state revised statutes.

*Recommendation* – It is recommended that the Second Judicial District Court's office institute procedures to ensure the budget is reviewed and amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

(continued on next page)

The Second Judicial District Court  
Parishes of Bienville, Claiborne and Jackson, Louisiana  
Schedule of Audit Findings  
Year Ended June 30, 2012

*Response* – The travel expenses, which pushed our expenditures beyond the 5% allowed in the budget of the Probation account, are due to an unexpected shortage of funds available in the Judicial Expense Fund (JEF). The JEF has historically paid for the expenses incurred annually for the judge and staff to attend CLE training, which is mandatory to meet license/certification requirements. In 2011, JEF was financially unable to cover these travel expenses, so each parish covered their own staff's travel expenses incurred for this seminar out of their respective probation funds. This was not previously budgeted, as it was not expected. In the future, this travel expense will be budgeted in the probation account.

III. PRIOR YEAR AUDIT FINDINGS

No findings.